

Message Text

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ACTION EB-07

INFO OCT-01 EA-10 ISO-00 AGR-10 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 OES-05 INT-05 NSC-05

SS-15 STR-04 CEA-01 DODE-00 PA-02 USIA-15 PRS-01 /114 W

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R 070910Z MAR 75

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 9209

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

UNCLAS KUALA LUMPUR 1226

E.O. 11652: N/A

TAGS: EAGR, MY

SUBJ: MEETING OF EXPERTS OF ASEAN MAJOR NATURAL
RUBBER PRODUCING COUNTRIES, MARCH 3-5

1. THE EXPERTS GROUP MEETING OF THE ASEAN MAJOR NATURAL RUBBER PRODUCING COUNTRIES WAS HELD FROM MARCH 3-5, 1975 AT THE INVITATION OF THE GOVERNMENT OF MALAYSIA. THE EXPERTS GROUP MEETING WAS ATTENDED BY DELEGATES FROM INDONESIA, MALAYSIA AND THAILAND. OBSERVERS FROM ANRPC (ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES) WERE ALSO PRESENT.

2. THE SUBSTANTIVE PORTIONS OF THE JOINT COMMUNIQUE ARE AS FOLLOWS. QUOTE THE MEETING DISCUSSED ALL ASPECTS OF THE NATURAL RUBBER INDUSTRY, PARTICULARLY THE URGENT NECESSITY TO INTRODUCE PRICE STABILITY AND CONCLUDED: (A) PRODUCTION PLANNING AND DISCIPLINE ARE ESSENTIAL INGREDIENTS FOR THE HEALTHY GROWTH OF THE NATURAL RUBBER INDUSTRY. PRODUCTION PLANNING
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MUST, HOWEVER, BE SUPPORTED EFFECTIVELY BY REMOVING

MARKETING DEFICIENCIES, IMBIBING SCIENTIFIC AND TECHNOLOGICAL INNOVATIONS AND ENSURING CONTINUING ABILITY OF NATURAL RUBBER TO MEET CHANGING AND DISCRIMINATING REQUIREMENTS OF THE CONSUMING COUNTRIES. PRICE INSTABILITY HAS BEEN THE SINGLE BIGGEST FACTOR INHIBITING OPTIMISATION OF NATURAL RUBBER USAGE. STABILISATION OF NATURAL RUBBER PRICES IS THEREFORE A PREREQUISITE TO THE ORDERLY DEVELOPMENT AND HEALTHY GROWTH OF THE NATURAL RUBBER INDUSTRY TO MEET THE CHALLENGES AHEAD. A COMPREHENSIVE AND VIGOROUSLY PURSUED MARKETING STRATEGY IS ALSO ESSENTIAL AND THIS MATTER MUST RECEIVE THE URGENT ATTENTION OF THE ANRPC THROUGH THE CONCEPT OF THE CO-ORDINATED MARKETING SYSTEM. (B) TO ACHIEVE PRICE STABILITY, TWO ESSENTIAL AND COMPLEMENTARY APPROACHES ARE REQUIRED, I.E. (I) A BUFFER STOCK TO RELIEVE TRANSIENT IMBALANCES AND (II) SUPPLY RATIONALISATION MEASURES.

3. THE MEETING UNANIMOUSLY AGREED TO RECOMMEND THE INSTITUTION OF AN INTERNATIONAL BUFFER STOCK SCHEME. THE SIZE OF THE BUFFER STOCK SHOULD BE DETERMINED ON THE BASIS OF ITS EFFECTIVENESS TO ACHIEVE THE PRICE STABILITY OBJECTIVES. THE MEETING ALSO AGREED ON A SUPPLY RATIONALISATION SCHEME AS A NECESSARY COMPLEMENT FOR THE SUCCESS OF THE BUFFER STOCK.

4. THE MEETING AGREED ON THE FLOOR AND CEILING PRICES AND A STABILISATION BAND FOR THE BUFFER STOCK OPERATIONS AND THESE PRICES SHOULD REFLECT THE COST AND COMPETITIVE FACTORS RELEVANT TO BOTH NATURAL RUBBER AND SYNTHETIC RUBBER UNDER THE PRESENT CIRCUMSTANCES.

5. THE MEETING AGREED ON THE INCLUSION OF RSS 1, RSS 3, RSS 4 AND AN APPROPRIATE REMILLED GRADE AND TECHNICALLY SPECIFIED RUBBERS IN THE BUFFER STOCK. THE STOCK COMPOSITION WOULD BE REVIEWED FROM TIME TO TIME IN RESPONSE TO CHANGING PRODUCTION AND CONSUMPTION PATTERNS.

6. IT WAS AGREED THAT PRODUCER PARTICIPATION SHOULD
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INCLUDE ALL MEMBERS OF THE ANRPC AS WELL AS OTHER NATURAL RUBBER PRODUCING COUNTRIES. THE MEETING ALSO AGREED THAT IN THE OPERATION OF THE BUFFER STOCK, ACTIVE CO-OPERATION OF CONSUMERS WOULD BE SOUGHT.

7. THE MEETING STRESSED THE NEED FOR URGENT ACTION WITH THE VIEW TO AN EARLY INTRODUCTION OF AGREED MEASURES TO EFFECT NATURAL RUBBER PRICE STABILISATION.

UNQUOTE.

8. EMBASSY COMMENTS ON MEETING BEING SENT SEPARATE
MESSAGE.
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